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INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE
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RUCNMEM/EU MEMBER STATES COLLECTIVE
RUEHAK/AMEMBASSY ANKARA 6102
RUEHBJ/AMEMBASSY BEIJING 3792
RUEHKO/AMEMBASSY TOKYO 3651
RUEHIT/AMCONSUL ISTANBUL 4344
RUEKJCS/JOINT STAFF WASHDC
RUEAIIA/CIA WASHDC
RUCPDOG/DEPT OF COMMERCE WASHDC
RHEFDIA/DIA WASHDC
RHEBAAA/DEPT OF ENERGY WASHDC
RHEHNSC/NSC WASHDC
RUEATRS/DEPT OF TREASURY WASHDC
RUEKJCS/SECDEF WASHINGTON DC
RUCNDT/USMISSION USUN NEW YORK 1393
RUEHVEN/USMISSION USOSCE 4276

C O N F I D E N T I A L SECTION 01 OF 02 ASHGABAT 000041

SIPDIS

STATE FOR SCA/CEN; EEB; NEA/IR
ENERGY FOR EKIMOFF/BURPOE/COHEN
COMMERCE FOR DSTARKS/EHOUSE

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SUBJECT: TURKMEN GAS TO TURKEY AND BEYOND THROUGH IRAN?

REF: A. ASHGABAT 35

[1](#)B. ANKARA 27

Classified By: Charge Sylvia Reed Curran for reasons 1.4 (b) and (d).

[1](#)1. (C) SUMMARY: The attendance of Turkish Minister of Energy and Natural Resources Yildiz at the opening of the second gas pipeline from Turkmenistan to Iran raised questions about Turkey's heightened interest in Turkmen gas via Iran. The Turkish Embassy's Economic Counselor in Ashgabat, Ahmet Erdem, who accompanied Minister Yildiz to the pipeline opening and subsequent meetings with Turkmen and Iranian officials on January 6, said that Turkey has been looking for different ways to increase energy exports to and through Turkey. Erdem noted that global relations with Iran were difficult, but did not think Turkey should economically isolate Turkmenistan because of Iran. He added that Turkey was seriously concerned with Turkmenistan's financial situation, given that Turkmenistan was without gas revenues from Russia for more than 9 months. He repeated that any gas deal that involved transiting Turkmen gas through Iran would primarily benefit Turkmenistan. Erdem could not give details on any upcoming announcement of a gas deal, but did not rule it out as a strong possibility. END SUMMARY.

[1](#)2. (C) On January 7, Econoff met with the Turkish Embassy's Economic Counselor in Ashgabat Ahmet Erdem, who had recently returned from the opening of the Dovletabat-Sarakhs-Khangiran pipeline, at which the Turkish Minister of Energy and Natural Resources Taner Yildiz was in attendance (ref A). Erdem accompanied Minister Yildiz to the opening of the pipeline and subsequent meetings with Turkmen and Iranian officials. Erdem initially insisted that Minister Yildiz was in attendance only because the Turkish Prime Minister, who was invited by Turkmen President Berdimuhamedov, could not attend. Erdem conceded that having the Minister of Energy attend allowed for trilateral discussions among Turkey, Turkmenistan, and Iran on regional issues including energy. Erdem stated that the Turkish Minister met with "very high-level" Turkmen and Iranian officials to discuss getting

energy supplies from Turkmenistan to Turkey. (NOTE: It was later confirmed that Minister Yildiz met with both Berdimuhamedov and Ahmadinejad during his visit to Turkmenistan (Ref B). END NOTE.)

¶3. (C) Turkish Embassy Economic Counselor Erdem stated that Turkey was continuously searching for ways to increase energy exports into Turkey and beyond. He explained that Turkey has an obligation as a fellow "Turkic nation" to assist Turkmenistan, which has strong ethnic, cultural, and linguistic ties to Turkey. He cited the April gas pipeline explosion, which led to nine months of gas revenue loss from Russia, as an "economically crippling" situation for Turkmenistan. He asserted that Turkey's interest in Turkmen gas stemmed primarily from a willingness to help Turkmenistan maintain its economic stability. (NOTE: Although Turkmenistan has most likely used a large portion its reserves over the past nine months, no international financial institutions have reported that Turkmenistan is in serious financial trouble. We find Erdem's explanation not credible. END NOTE.)

¶4. (C) According to the Turkish diplomat, it should be no surprise that Turkey would be supportive of importing Turkmen gas via Iran, as there are no other routes for getting Turkmen gas to Turkey at the present time. He mentioned that Minister Yildiz had been in Iran on December 30 to discuss energy cooperation, and that the meeting was reported by international media outlets. He added that Turkey regularly participates in bilateral energy discussions with Turkmenistan and Iran, as well as trilateral discussions. He

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could not provide details on recent discussions in Ashgabat, but he did not rule out the possibility that announcement on a gas arrangement might be released soon. He described the possibility of a trans-Caspian pipeline coming online in the next few years as unlikely, but that gas coming from Turkmenistan to Turkey via Iran could also make its way farther West. Erdem said it was impossible to know where "every gas molecule" from Turkmenistan would end up, but he was confident that the bulk of gas transiting Iran would end up in Turkey, noting that Iran would off-take some of the gas, but he suggested that amount would be small.

¶5. (C) Turkmen interest in moving its gas westward has also increased since April, when Russian gas purchases were halted. UNODC rep in Ashgabat and Turkish citizen Ercan Saka, who also attended the opening of the pipeline, told Poloff on January 7 that Berdimuhamedov referred to sending gas to other countries in the region during his opening remarks; Saka was adamant that this was a direct reference to Turkey. Turkmen officials have repeatedly told us that the GOTX was interested in expanding its gas customers and routes, with Europe being one of the markets Turkmenistan is pursuing. Erdem opined that given the uncertainty of Nabucco, bringing Turkmen gas to Turkey via Iran in the meantime made good economic sense for many countries in the region and in Europe. He stressed that any gas from Turkmenistan via Iran was unlikely to exceed 20 bcm for several years, while Nabucco could get 30 bcm of Caspian gas to Europe; he did not think Nabucco was threatened by bringing Turkmen gas west through Iran. He acknowledged that bringing gas through Iran could pose political problems, but he was hopeful that the West would not "punish" Turkmenistan by opposing Turkmen gas that transited Iran or that was swapped with Iranian gas.

¶6. (C) COMMENT: The appearance of the Turkish Minister of Energy and Natural Resources was a surprise in Ashgabat, despite assertions from the Turkish Embassy that his participation was routine. Even local armchair energy experts immediately connected Minister Yildiz's attendance as signal that a gas deal with Turkey might be imminent. Turkmenistan's policy of Positive Neutrality and its insistence that it sell its gas at its border seem to set the

stage for a deal in which Turkmen gas would flow to Turkey and perhaps onward to Europe via Iran. It appears that Turkish officials, at least in Ashgabat, do not think that Turkmen gas transiting Iran should be considered a show stopper. END COMMENT.
CURRAN